

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PATELUNAS TO  
QUESTION RAISED AT HEARINGS ON AUGUST 3, 2000

The United States Postal Service hereby provides the response of witness  
Patelunas to a question raised at the hearings on August 3, 2000 at Tr. 35/16782-83.

The question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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August 14, 2000

**Response of United States Postal Service witness Patelunas  
to Questions Raised at Hearings**

**QUESTION** Tr.35/16782-83. "I would like to ask you about one of your responses to OCA's Interrogatory OCA/USPS-ST44-2 . . . I understand that the space category value breakout for those items that are listed in the question, such as total square feet, et cetera, are not in 410, or do not appear in 410 . . . Would you be able to provide those for the record? And also, the same question relates to Fiscal Year 2000 and Fiscal Year 2001 for the same factors."

**Response:**

Attachment I that accompanies this response provides the following FY 1999 components requested in the initial interrogatory: (1) USPS component 555 - Total Square Feet; (2) USPS component 562 - Total Rental Value; (3) USPS component 1299 - Capital; (4) USPS component 1298 - Maintenance Labor; and (5) USPS component 1297 - Parts and Supplies. These data are used in the calculation of the various space related factors in the Postal Service cost model "B" Report. Formerly, the Postal Service's cost model calculated the factor components using the data components with the following relationships:

<u>Title</u>	<u>Data Component</u>	<u>Factor Component</u>
Square Feet	555	569
Rental Value	562	570
Capital	1299	1296
Maintenance Labor	1298	1295
Parts & Supplies	1297	1294

In an effort to save many lines of code in the Postal Service's cost model, beginning in FY 1999, the factor components are calculated outside of the model. The result is identical whether calculated by the model or externally to the model. The only difference is that just the factor components now appear in the model. These FY 1999 factor components were also used in the rollforward for FYs 2000 and 20001.

FY 1999 FACILITY SPACE FACTORS

LINE NO.	SPACE CATEGORY	(1) SQUARE FEET	(2) RENTAL VALUE (000s OF \$)
1	WINDOW SERVICE	22,025,863	205,021
2	SELF-SERVICE POSTAL CENTER	2,539,615	25,284
3	POST OFFICE BOXES	28,819,424	274,110
4	PRIORITY MAIL	1,976,303	19,434
5	EXPRESS MAIL	1,085,406	11,037
6	MAILGRAMS	-	0
7	COMPUTER FORWARDING SYSTEM	2,325,296	18,354
8	BULK MAIL ACCEPTANCE UNIT	1,729,159	14,735
9	REGISTRY	1,462,814	12,909
10	CLAIMS & INQUIRY	529,769	4,631
11	OTHER ACCOUNTABLES	1,147,026	10,193
12	OTHER NON-ACCOUNTABLES	412,715	3,824
13	OPTICAL CHARACTER READERS (OCRs)	2,434,751	19,270
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	3,535,504	27,792
15	DELIVERY BARCODE SORTERS (DBCSs)	9,635,410	76,877
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	2,063,589	19,208
17	LETTER SORTING MACHINE (LSMs)	168,522	1,307
18	FLAT SORTING MACHINE (FSMs)	5,092,558	40,164
19	PARCEL SORTING MACHINE & NMO MACHINE	3,774,959	31,121
20	FACER/CANCELER - LETTERS	2,544,733	20,040
21	FACER/CANCELER - FLATS	387,052	2,827
22	CULLING	1,865,450	14,985
23	SACK SORTING MACHINE (SSMs)	2,825,824	22,605
24	SMALL PARCEL AND BUNDLE SORTER	5,255,518	39,812
25	REMOTE BARCODING SYSTEM	1,580,976	32,798
26	MULTISLIDE	1,033,971	8,008
27	AIR CONTRACT DATA COLLECTION SYSTEM	480,027	3,825
28	CENTRAL BANDING OPERATION - LETTERS	676,280	5,404
29	CENTRAL BANDING OPERATION - FLATS	337,061	2,706
30	OTHER EQUIPMENT	1,783,511	14,202
31	SORTING TO LETTER CASES	7,069,061	60,273
32	SORTING TO FLAT CASES	7,755,600	67,348
33	SORTING TO HANGING SACKS	4,504,764	37,093
34	SORTING TO ROLLING CONTAINERS	11,684,190	102,378
35	SORTING TO PALLETS	459,032	3,319
36	OTHER SORTING OPERATIONS	2,287,827	20,587
37	REWRAP	305,462	2,512
38	POSTAGE DUE	512,777	4,433
39	OTHER MANUAL OPERATIONS	2,778,003	23,675
40	CITY CARRIER	38,518,338	387,012
41	RURAL CARRIER	9,579,319	84,268
42	SPECIAL DELIVERY	212,483	1,812
43	ACCOUNTABLES CAGE	852,104	8,384
44	INTERIOR & EXTERIOR PLATFORM	38,269,714	246,243
45	OFFICE SPACE	38,565,606	331,180
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	3,823,969	31,726
47	OTHER EQUIPMENT MAINTENANCE	770,267	6,666
48	EMPLOYEE FACILITIES	23,796,998	212,947
49	VMF	7,374,628	68,281
50	CVS	5,537,561	38,214
51	VACANT & TENANT	6,852,002	58,635
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	5,775,855	88,822
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	1,205,141	9,929
54	STORAGE FACILITIES	9,043,920	74,511
	TOTAL	337,063,709	2,952,753

Equip. Group	— Equipment Description —	(1296) Depreciation Costs (CS 20.1)
1	OCRs	65,843,837
2	MPBCSs	16,476,979
3	DBCSs	141,481,400
4	CSBCSs	27,917,908
5	LSMs	145,570
6	FSMs	38,788,258
	RBCS: WORKROOM	78,076,292
	RBCS: REMOTE ENCODING SITES	0
7	RBCS TOTAL	78,076,292
8	CFS	5,098,681
9	EDGE, FACE, & CANCEL - LETTERS	58,147,321
10	EDGE, FACE, & CANCEL - FLATS	537,577
11	CULLING	2,137,186
12	SSMs	5,275,877
13	SPBMs	28,307,234
14	PSMs	11,005,611
15	ACDCS	140,748
16	STRAPPING	2,668,672
18	GENERAL AND LOGISTICS: BMC	43,999,611
19	GENERAL AND LOGISTICS: NON-BMC	51,741,262
20	MAIL TRANSPORTATION EQUIPMENT	0
21	POWERED EQUIPMENT	9,620,189
	TOTAL FOR MAIL PROCESSING EQUIPMENT	587,410,213
	NON-MAIL PROCESSING EQUIPMENT	298,298,492
	TOTAL EQUIPMENT	885,708,705

MAINTENANCE LABOR, AND PARTS AND SUPPLIES  
FOR  
MAIL PROCESSING EQUIPMENT BY CATEGORY FOR FY 1999

ATTENTION  
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Equip. Group	— Equipment Description —	Maintenance Labor Costs (CS 11)	Parts & Supplies Costs (CS 16)
1	OCRs	91,310,626	8,481,763
2	MPBCSs	70,370,001	5,351,908
3	DBCSs	212,101,485	14,827,079
4	CSBCSs	9,540,016	4,142,879
5	LSMs	9,951,782	330,059
6	FSMs	66,942,918	3,622,271
	RBCS: WORKROOM	19,749,115	2,216,504
	RBCS: REMOTE ENCODING SITES	14,802,802	1,074,220
7	RBCS TOTAL	34,551,917	3,290,724
8	CFS	15,883,483	2,071,869
9	EDGE, FACE, & CANCEL - LETTERS	105,048,468	9,541,670
10	EDGE, FACE, & CANCEL - FLATS	2,512,292	129,064
11	CULLING	6,405,799	127,684
12	SSMs	16,458,678	1,514,459
13	SPBMs	31,502,299	6,780,266
14	PSMs	13,094,186	7,530,733
15	ACDCS	4,050,583	630,298
16	STRAPPING	12,535,246	966,453
18	GENERAL AND LOGISTICS: BMC	13,101,884	5,364,220
19	GENERAL AND LOGISTICS: NON-BMC	26,799,673	2,152,108
20	MAIL TRANSPORTATION EQUIPMENT	26,183,657	196,324,897
21	POWERED EQUIPMENT	28,890,744	3,085,901
	TOTAL FOR MAIL PROCESSING EQUIPMENT	797,235,738	276,266,305
	NON-MAIL PROCESSING EQUIPMENT	293,165,315	141,305,232
	TOTAL EQUIPMENT	1,090,401,053	417,571,537

# DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, appearing to read "Richard Patelunas", is written over a horizontal line.

Dated: 8/14/00

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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